16th Annual Government Financial Management Conference

Public/Private Identity Authentication: A Progress Report

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In A Nutshell . . .

"All truth passes through three stages.

First, it is ridiculed.

Second, it is violently opposed.

Third, it is accepted as being self-evident."

--Arthur Schopenhauer (1788-1860)

We pleased to report that
public/private authentication services
are moving very close to Schopenhauer's third stage

Agenda

- E-Authentication Federation Status Update
- Private Sector Status Update
  - Federation Makes The Opportunities
  - Federal Agencies Drive The Opportunities
- The Challenges Still Ahead

E-Authentication Federation Status Update

A Federation is Born

Certificate of Birth

The E-Authentication Federation

Born on:

October 18, 2005

The Goal of E-Government

Empower and enable citizens and businesses to manage their relationships with government on their terms in a *secure online environment*

The Role of the E-Authentication Program

Provide standards, framework and services necessary for the Federal Government to accept all levels of secure identity verification, simplifying business, public & government access to online services in a cost-effective manner

E-Authentication Mission

- Enable millions of safe, secure, trusted online transactions between Government and the citizens and businesses that it serves
- Reduce online identity management / credentialing burden for government agency application owners and system administrators
- Provide citizens and businesses with a choice of credentials – such as PINs / User IDs / passwords / digital certificates – when accessing public-facing online government services

Key Policy Considerations

- For Government-wide deployment:
  - No National ID
  - No National unique identifier
  - No central registry of personal information, attributes, or authorization privileges
  - Different authentication assurance levels are needed for different types of transactions
  - Authentication – not authorization
- For E-Authentication technical approach:
  - No single proprietary solution
  - Deploy multiple COTS products – user's choice
  - Products must interoperate
  - Controls must protect privacy of personal information

E-Authentication Strategy

- The best way to accomplish E-Authentication's mission while satisfying the requisite policy considerations:
  - Build the ***E-Authentication Federation***, wherein government agencies can rely on electronic identity credentials issued and managed by other organizations within and **outside the federal government**

The Concept of E-Authentication

Step 1:

At access point (agency Web site or credential service provider) user selects agency application and credential provider

Step 2:

- User is redirected to selected credential service provider
- If user already possesses credential, user authenticates
- If not, user acquires credential and then authenticates

Step 3:

- User performs transaction
- Credential service hands off authenticated user to the agency application selected

The Building Blocks of the E-Authentication Federation

Agency Applications/
Credential Service Providers

Growing in FY06 and beyond

Business & Operating Rules

Operational Infrastructure

Completed FY '05

Policy

Technology/Architecture

Completed FY 2004

Finding Credential Service Providers (CSPs)

- The Federal Government does not want to be in the credential management business
- Various commercial entities – insurers and other financial institutions – are natural trusted identity credential providers
- **WHO PROVIDES AUTHENTICATION TODAY?** Look in your wallet – what credentials are you most likely to find?
  - **A bank card**
  - **A health insurance card**
  - **School ID**
  - **A State Government-issued driver's license or photo ID**

Citizen/business convenience and trust are key to selecting credential service providers

Why Financial Institutions

- Authentication lies at the core of existing financial services products
  - Know-your-customer (KYC) required by law
- Financial institutions own 3 powerful assets:
  - Trust
  - 90+% of the US population has banking relationship
  - 53M have bank-issued credentials (Pew)
  - Strongly authenticated identities
- Law requires more than KYC – it requires that customers' identities be protected

E-Authentication's Work with FIs To Date

- Conducted productive pilot with Financial Services Technology Consortium (FSTC)
- Coordinated with Dept. of Treasury's Financial Management Service to leverage "Designation of Financial Agent" authority
  - Means of acquiring authentication services from commercial financial institutions
- Fidelity Investments and Wells Fargo (WellsSecure PKI) have joined the E-Authentication Federation

Immediate Opportunity

- E-Authentication plans to release a **Request for Information (RFI)** this Summer to ascertain the marketplace for providing standards-compliant identity credential services to support the E-Government activities of the Federal Government
- E-Authentication expects to release an RFP for such services by early Fall
- Goal is to have provider or providers in place, supporting the Federation, by this November

The E-Authentication Commercial Value Proposition

- A significant business opportunity for Credential Services Providers
  - Business modeling underway – to find the right model for acquiring such services
- Unique customer service offering
  - Business differentiator
- Increased brand loyalty
  - “Stickiness”

Status of Federation Membership (8/1/06)

Operational* Relying Parties

- **SSA (Direct Deposit)**
- **GSA (eOffer)**
- **Dept. of Labor (MSHA)**
- **OPM (USA Learning)**
- **NASA (MyNASA)**
- **Dept. of Transportation (SAFER)**
- **Dept. of Justice/ATF (BATS)**
- **Dept. of Commerce (Export.gov)**
- **State Dept. (DTAS)**
- **NSF (Fastlane)**
- **Dept. of Energy (VIPERS)**
- **Dept. of Interior (National Park Service)**
- **Dept. of Education (e Payments)**

Credential Service Providers

- **Fidelity Investments***
- **WellsSecure* (Wells Fargo PKI)**
- **ORC**
- **USDA eAuthentication**
- **OPM Employee Express**

* Denotes designated financial agent (DFA) of the US Department of Treasury / Financial Management Service

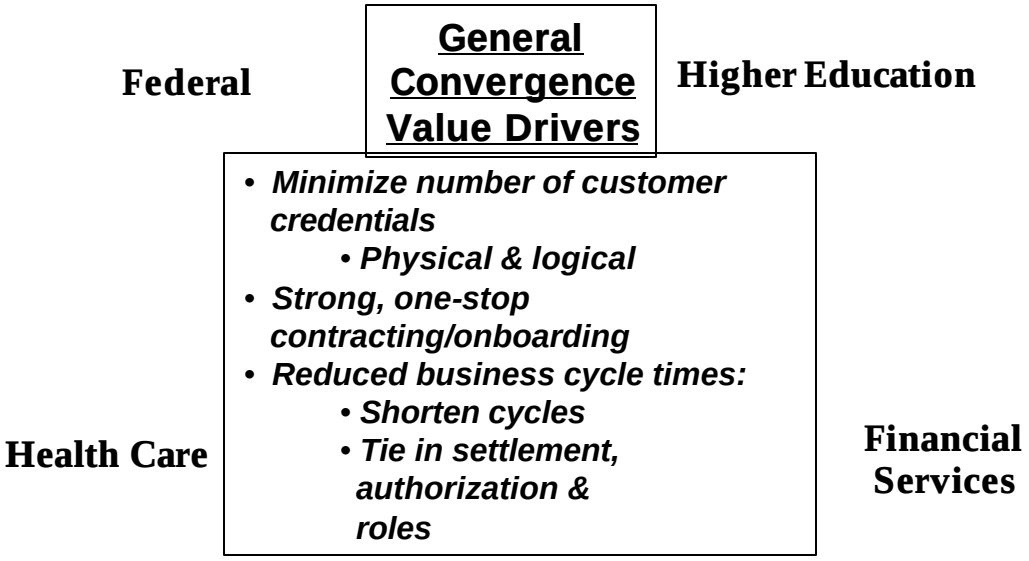
*Applications are currently deployed

Private Sector Status Update

Smart Providers Want What Their Customers Want

- **Identity trust and simplicity count**
- **Federated Identity can help make this real**

Example Federated Trust Communities:



And Outside Forces Are At Work

- The 9/11 effect
- The Katrina effect
- Data breaches
- Application security breaches
- Perceived spoofing and pharming increases

Federated Identity Matures

- Generation I
  - Technical interoperation (logical only)
  - Few enabled applications
  - Lots of “out of band” paper and wet signatures
  - AYOR for the most part -- mostly low assurance
- Generation II
  - Common rules and policies are developed
    - Technology and business processes both interoperate
    - Governance becomes important
    - Higher assurance possible due to lower repudiation risk
  - Increasing scale leads to more applications
  - Digital signatures become more feasible / important
  - Physical access becomes important (in addition to logical)

Federal Agencies Are Driving The Opportunities

For The Private Sector, The Question Is When . . . *Not If*

We believe that [federal] investments made in government identity solutions are already catalyzing the commercial market for these [identity management] technologies.

-- *Stanford Group Company*
July, 2006

- The success of the E-Authentication Federation in signing and implementing private sector identity services contracts is a major milestone in motivating private sector investment and activity
- The upcoming E-Authentication RFI/RFP further increases this motivation

This Is Compounded By HSPD-12 Demand

- Many of the logical identity components supporting E-Authentication are relevant to HSPD-12
- HSPD-12 has driven NIST to establish long awaited technology standards
- Together, E-Authentication and HSPD-12 generate an unprecedented swell of private sector demand and improved federal credibility

Challenges Still Ahead

- Synchronizing demand with supply
  - Identity services provision is not a mature “dial tone” market
  - Buyers expect production readiness -- suppliers cannot afford long stretches of under utilized assets
- Resources / funding for marketing are in short supply
  - Can we make identity services the next “ring tone” must-have market?
- Symbolic compliance purchases

In Summary . . .

- The last year has seen enormous progress in building identity services public / private partnerships
  - Live, federated identity deployments are under way via E-Authentication auspices
  - Increasing interoperability makes the “federal necklace” an endangered specie
- Increasing commercial credibility will improve private sector services availability
- Improving federal government best practices will result in more availability, choice and pricing

Questions? Comments?

Thank You For Your Time Today!

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